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MEMORANDUM

To: Victoria Joes, San Diego Housing Commission
From: Heidi Aggeler, BBC
Re: Changes made to Draft Five-year Consolidated Plan
Date: April 28, 2009

This memo details the changes we have made to the City of San Diego Draft Five-year Consolidated Plan as a result of the public comments that have been received since the draft Plan was published for comment on April 1, 2009. These public comments have been submitted in both written and verbal form. They are presented by the organization that submitted the comments (in no particular order).

Comments from the Housing Federation

1. There is a mismatch between goals in the Executive Summary than the Strategic Plan. Should the ES be moved and called the Annual Action Plan Executive Summary?

The goals and objectives that are described in the Executive Summary (ES) were copied and pasted into the HUD CPMP tool directly from the ES; hence, they should be the same narrative. HUD's Consolidated Plan regulations for the Strategic Plan and Action Plan do not require an Executive Summary; however, the CPMP tool does. The CPMP tool does not make a distinction about what is required from each; the requirement is simply: "The Executive Summary is required. Include the objectives and outcomes identified in the plan and an evaluation of past performance."

For the city's Executive Summary, we combined the research findings, five-year strategic plan goals and objectives and outcomes (which refer to the one-year 2010 action plan) into one document. This was done so that the public may be informed about all of the primary information in the research document, Strategic Plan and Action Plan in one place.

We understand that this is a departure from past Plans and, combined with the new format required by the use of the CPMP tool, is confusing to some. To better explain the format, we have added language clarifying the components of the ES, as well as described the CPMP tool. Some of that language follows below.

Five-Year Strategic Plan and One-Year (2010) Action Plan

The City of San Diego has established the following housing and community development goals, objectives and outcomes to guide the use of funds for 2010-2014 program years.

- The twelve *Goals* will guide how the City allocates its block grant funding during the next five program years.
- The *Objectives* and *Outcomes* refer to the 2010, One-Year Action Plan. These fall under one of the 12 five-year goals. The objectives detail what the City intends to accomplish with the identified funding sources to meet housing and community development needs. The outcomes detail how the City will monitor the accomplishments (e.g., in terms of households assisted, facilities rehabilitated, etc).

The City has not established five-year numerical goals. Given the uncertainties in the housing market and economy, the City has chosen to adjust its objectives and outcomes on an annual basis to address the greatest needs each program year.

At the time this Consolidated Plan was written, HUD had not provided the City with its funding allocations by program. The City expects to receive approximately \$26 million in combined HUD block grant funding to address its housing and community development needs. Dollar amounts for specific activities are provided where they are known. The City intends to leverage other local resources, for example, housing trust fund dollars, wherever available, to maximize the benefit from the HUD block grant funds.

It should be noted that the City of San Diego has elected to use the HUD Consolidated Plan Management Process tool (CPMP) for partial fulfillment of the Consolidated Plan regulations. This appears in a different format from the rest of the report in two documents (Strategic Plan and Action Plan). The City has also utilized the CPMP needs and projects tables in Microsoft Excel for this Consolidated Plan and 2010 Action Plan.

Five-Year Goals. The Goals for the Five-Year Consolidated Plan period are:

<Goals are listed here>

One-Year (2010 Action Plan) Objectives and Outcomes

The following 2010 Objectives and Outcomes are presented under the twelve five-year Strategic Plan Goals to demonstrate how City's activities relate to the overarching Goals.

<Objectives and Outcomes are listed here>

2. Call out the overarching five year goals or develop an executive summary for the 3-5 year strategic plan section. *Please see above.*

3. Goals should reflect the analysis not the citizens (the plan should specific that the goals were developed based on the market analysis, citizen participation, city priorities, etc...). *The goals were developed with an equal emphasis on the quantitative data in the Plan, which is quite extensive and goes above and beyond HUD's requirements (e.g., gaps model)—all contained in Section III of the Plan, and information from the public input process, which is described in Section IV.*
4. Rental vs. homeownership should not be given same need weight according to analysis. *The market analysis found a substantial need for both very low income rental units (a gap of almost 42,000 units to serve renters earning less than \$25,000 per year) and for sale housing (renters must earn \$100,000 before just 16 percent of homeownership units are affordable. The vast majority of the city's renters, 86 percent, earn less than \$100,000).*
5. Federal law requires detail in the consolidated plan on HOME refi/rehab and there is no detail or instruction. *This appears in the Action Plan. The HUD CPMP tool asks for the detail on page 13 of the Action Plan.*
6. Request to put an introduction to each section to include an intro to CPMP and what it is. *Please see the answer to Question 1. We have also added introductory or summary paragraphs to the sections.*
7. Please call out policy shifts since last Plan. *The best way to determine any changes in policy between the past Five-year Consolidated Plan and this Plan is to compare the top level goals. The goals of the prior Five-year Plan appear in Section 4.2. The goals in the new Plan do not depart from the prior goals; rather, they provide a more comprehensive and specific framework for addressing housing and community development needs.*
8. We state that "among all racial/ethnic groups there were no disproportionate needs in housing affordability. Is this true? Can you explain this more? Include disability in disproportionate need discussion. *We use data on housing problems provided by HUD to analyze "disproportionate need." These data do not show a difference in housing needs for lower income persons of different races and ethnicities; instead, all lower income persons have similar proportions of housing needs. We have added an analysis of disproportionate need based on mobility limitation (disability). The revised text appears below.*

Disproportionate need. HUD requires that City's consider "disproportionate need" as part of examining housing needs. Disproportionate need exists when the percentage of persons in a category of need who are members of a particular racial or ethnic group is at least 10 percentage points higher than the percentage of persons in a category as a whole.

HUD uses a needs table that reports housing needs by tenure, income and racial/ethnic category to determine disproportionate need. Using this table, we compared housing needs by race and ethnicity to determine disproportionate need. Among all racial/ethnic groups there were no disproportionate needs in housing affordability. That is, the CHAS data do not show a difference in housing needs for lower income persons of different races and ethnicities; instead, all lower income persons have similar proportions of housing needs. For persons with disabilities, almost 48.5 percent of the households with self-care and mobility limitations had housing problems, compared to 43.4 percent of the

population as a whole. This does not meet HUD's definition of disproportionate need but does indicate a moderately but not drastically disproportionate need for housing assistance among persons with mobility limitations.

Not clear if conclusions were drawn from 07 or 08 data. Please use last qtr 08 and first qtr 09 data. *Conclusions were drawn from the most recent data available for the study. In an ideal situation, we would be able to bring in very recent information (e.g., first quarter 2009); however, there is a lag between when data are collected and analyzed and available to us.*

9. Is military housing not a need? It was called out in the last plan. (Again-call out policy shifts). *Military housing was not raised as a need in the research conducted for the Consolidated Plan (as it did in the prior plan). We understand that active duty military and their family seek housing in the community, as well as on the military installation if housing is available, and that lack of affordable housing can be a problem for military personnel, as well as other workers. We have added a section in military personnel and veterans to Section III.*

10. Make clearer Section III page 11 Exhibit III-15. *We have revised the text to better explain the exhibit. The revised language appears below.*

It is good news that renters earning more than \$50,000 have ample rental opportunities because their options for purchasing in San Diego are extremely limited. Renters earning \$100,000 could afford just 16 percent of homeownership units (see the "Cumulative Percentage Available" in the Exhibit below). Renters must earn \$150,000 and more before half of owned units become affordable to them.

Exhibit III-15 demonstrates the affordability of the City's for sale market to its renter population.

Exhibit III-15.

Market Options for Renters Wanting to Buy, San Diego, 2008

Income Range	Renters		Maximum Affordable Home Price	Estimated Housing Units	Percent All Units	Cumulative Percentage Available	Units Available per Renter Household	Difference in Proportions
	Number	Proportion						
\$0	\$14,999	36,144	15%	\$ 52,668	3,749	2%	0.10	-13%
\$15,000	\$24,999	33,044	14%	\$ 87,782	2,654	1%	0.08	-12%
\$25,000	\$34,999	27,015	11%	\$ 122,896	1,637	1%	0.06	-10%
\$35,000	\$49,999	40,526	17%	\$ 175,567	1,802	1%	0.04	-16%
\$50,000	\$74,999	45,484	19%	\$ 263,352	11,742	5%	0.26	-14%
\$75,000	\$99,999	26,980	11%	\$ 351,137	18,519	7%	0.69	-4%
\$100,000	\$149,999	24,214	10%	\$ 526,707	73,673	30%	3.04	20%
\$150,000	\$500,000	10,480	4%	\$ 1,755,701	135,088	54%	12.89	50%
Total	243,888	100%		248,865	100%			

Source: BBC Research & Consulting.

11. The priority needs table indicates “low priority” needs- need to explain what this means. It is mis-leading to the reader. *This is a HUD requirement; projects not receiving funding in any given year are given “low priority”*

San Diego County Mental Health Services

12. Endorse the high priority ranking to the category: “Permanent Supportive Housing for Individuals and Families” and ensure this ranking is reflected in the Executive Summary. Ensure that Supportive Housing as well as Services for Individuals with a mental illness receives a high priority ranking for the Consolidated Plan and each year’s Action Plan. Permanent Supportive Housing should receive a high priority, I don’t think we should be specifying any one group over another. *Prioritization is set each year as part of the Action Plan process, determined by funding allocation decisions. Permanent supportive housing is specifically spelled out in Goal 5.*

13. Consider revising the wording on the resources available for this special needs category so that it does not just refer to residential care facilities as the only housing resource for this population group. *We are working with San Diego County Mental Health Services to get more city-specific information to add to the mental health section of the Consolidated Plan (appears in Section III of the document).*

PS&NS

14. ES page 1, center of page mentions ADDI but it isn’t previously spelled out. Please spell out the first time. *Completed.*

15. ES page 8, if outcomes don’t specify “in 2010” does that mean it is for the five years *No, this does not. We included “2010” when we had dollar amounts in the objectives to clarify that the dollars represented one year’s worth of funding.*

16. ES page 8-14, please add when referring to CDBG 2010 allocations in goals, “please see Action Plan CDBG projects page____” *The project narrative appears throughout the Action Plan, so it is difficult to pinpoint just one or two pages.*

17. *The following comments have been addressed in the Plan. We withheld some addresses where they were not available for confidentiality.*

Section III page 18, Market Square Manor and Potiker Residence both have the same address and number of units-did we double count these? If so, our total units will need to change also.

Section III page 21, Exhibit III-21 why so we list some address and not others?

Section III page 24, Exhibit III-23 please list some addresses?

Section III page 26, Exhibit III-24 please list some addresses?

Section III page 29, why are the at risk youth facilities not in table format like the others and please include addresses.

17. Section III page 29, 4PP-include info from Lynn Sharp Underwood at the gang commission. *We have incorporated this into the document, appears beginning on Section III, page 29.*

18. Strategic Plan page 21 Emergency Shelter of Individuals-total numbers do not match total numbers on Section III page 34 I think that exhibit III-28 needs to be revised. *We have been working with Amy Benjamin to revise the numbers and tables to make sure we have the most recent data provided by homeless organizations.*

19. Strategic Plan page 30-21-this portion is for "Non-Homeless." But Goal 3 is specific to homeless. Is this where that belongs? Action Plan page 22-23-this portion is for "Non-Homeless." But Goal 3 is specific to homeless. Is this where that belongs? *The CPMP tool asks for a homeless strategy but not objectives (as it does for Housing, Community Development and Special Needs). We felt this was the best place to put the homeless objective so it would not get lost in other areas. We have re-titled the section "Non-Homeless and Homeless."*

20. "Rio Drive" spelled Section V page 2 Exhibit V-1. *Corrected.*

21. Describe the outcome of the citizen participation process- how and where did we make changes based on public input? *All of the changes to the Draft Plan are captured in this memo.*

22. More language about foreclosures- we should have goals irrespective of whether funding is available through these programs. *The language below has been added to the Action Plan. The goal and objectives that follow have been added to the Strategic Plan.*

The Housing Commission will negotiate with lenders to make Real Estate Owned (REO) properties consisting of single family residences and condominiums located primarily in Council Districts 3, 4, 7 and 8 available to First Time Home Buyers (FTHB) at base prices at least 5 percent below appraised value. Buyer-generated transactions that meet the program criteria could also be accepted for funding. The Housing Commission will has two programs available to help eligible buyers purchase the properties. One program would be for the acquisition and rehabilitation of the property and the second program would be for acquisition only. Each eligible family seeking to purchase a foreclosed home with the assistance of NSP funding must first complete a HUD approved eight hour financial literacy/homebuyer education program. The success of this program will also rely on a steady stream of eligible REO properties on which the seller is willing to give a minimum 5 percent discount from the appraised value to the homebuyer. To do that the Housing Commission will need to tap into the REO portfolios of banks and any other organization which holds a portfolio of REO properties in the region.

Finally, there is a low income set aside provision in HERA where at least 25 percent of the NSP funds must be utilized for the benefit of families at or below 50 percent AMI. The Housing

Commission has developed a program which would be modeled on the Housing Commission's Public Housing Disposition plan.

Pursuant to HUD regulations, a tenant earning less than 50 percent AMI can only spend up to 30 percent of their income on housing. This restriction means that the income generated off of the rents for families at 50 percent AMI does not provide enough capital to maintain and operate the units at an acceptable level. Therefore, utilizing the Section 8 voucher program, the family would still pay only 30 percent of their income in rent, however, the voucher would allow the Housing Commission to realize higher rents through the subsidy from HUD. This additional income from the voucher would allow the Housing Commission to maintain, operate and expand the number of properties purchased under this program.

To do this, the Housing Commission will purchase vacant foreclosed properties in areas of the city most impacted by the foreclosure crisis (Council Districts 3, 4, 7 and 8). These properties will then be rehabilitated and rented to families earning 50 percent AMI or less at initial occupancy. The Housing Commission will retain these units within its portfolio and will be responsible for all property management functions.

Goal 13: Maintain the quality of foreclosed housing stock and make the units available to low to moderate income families if possible.

Objective 13.1. Negotiate with lenders to make Real Estate Owned properties available to first time homebuyers.

Objective 13.2. Acquire and rehabilitate foreclosed properties and make them available for sale or rent to low to moderate income families.

Citizen Participation Plan

Require response to comments. *The city and BBC are working to respond to all comments received.*

Include a calendar of all HUD due dates. *Included in the new CPP.*

Include broad language that presentations can be made in census tracts with the highest proportion of Low-mod households. Added to the CPP: *The public forums and public hearings will be targeted to Census Tracts in which high proportions of low to moderate income households live.*

Notice/distribution to include Council Offices, City TV Channel 24, Town Councils, Project Area Committees and news media.

Working groups made up of volunteers from the housing and community sectors of San Diego. This group will create a network of housing and community oriented organizations, representatives of participants in housing programs, government representatives and other interest groups. This network will be used to ensure full participation in the creation of plans and reports and ensure that the process is collaborative and comprehensive. *This language has been added to Goal 1.*

Corporation for Supportive Housing

To address the Corporation for Supportive Housing recommendations that appear below, the following objective has been added:

Objective: 2.5. Encourage the creation of supportive housing through the following activities:

- Support the integration of people with disabilities into private housing as much as possible
- Support the concept of providing a continuum of housing for the homeless ranging from short-term beds to affordable low-cost permanent housing
- Encourage interagency efforts to provide services and housing to specialized subgroups with disabilities—focusing on the provision of permanent, supportive housing space and services.
- Continue to rank Supportive housing and supportive services as a high priority
- When appropriate and contingent upon local, state, and federal funding requirements, place as a priority the leveraging of the funds available in the Consolidated Plan with additional public resources available such as redevelopment set aside monies; locally created public funds and additional federal funds during the economic recovery period.
- Consider the creation of project based section 8/vouchers to leverage against funds listed under the Consolidated Plan.
- Continue to reach out in a coordinated manner with other agencies involved in the goal of ending long term homelessness.
- Identify opportunities to align planning with the Mental Health Services Act Housing Plan

The Consolidated Plan coordinates its proposed priority for expenditure with the policies set forth in the adopted San Diego Housing Element FY2005-2010. Among the "Quantified Objectives" stated in this document pertaining to Supportive Housing are the following:

Support the integration of people with disabilities into private housing as much as possible

Support the concept of providing a continuum of housing for the homeless ranging from short-term beds to affordable low-cost permanent housing

Encourage interagency efforts to provide services and housing to specialized subgroups with disabilities. This support focuses on provision of permanent, supportive housing space and services.

It is for these reasons that we would like to make these specific recommendations for the priority of funds in the Consolidated Plan and in addition request that these recommendation also be considered for the other resources that the City has under its control or encourage public/private partners in the community to consider for the use of their resources.

Continue to rank Supportive housing and supportive services as a high priority

When appropriate and contingent upon local, state, and federal funding requirements, place as a priority the leveraging of the funds available in the Consolidated Plan with additional public resources available such as redevelopment set aside monies; locally created public funds and additional federal funds during the economic recovery period.

A key to supportive housing is gap funding for operating costs. Consider the creation of project based section 8/vouchers to leverage against funds listed under the Consolidated Plan.

Continue to reach out in a coordinated manner with other agencies involved in the goal of ending long term homelessness.

Identify opportunities to align planning with the Mental Health Services Act Housing Plan

Homeless Outcomes

Include Permanent Supportive Housing into the ES goals as reflected in the strategic plan. *Permanent supportive housing is specifically spelled out in Goal 5.*

Where did outcome 3.3.1 come from? *We kept the objective from the last Action Plan (appears on page 5-3 under the Homeless Outreach Team, HOT).*

EXECUTIVE SUMMARY

San Diego Consolidated Plan

Background on the Consolidated Plan

Beginning in fiscal year 1995, the U.S. Department of Housing and Urban Development (HUD) required local communities and states to prepare a Consolidated Plan in order to receive federal housing and community development funding. The Plan consolidates into a single document the previously separate planning and application requirements for Community Development Block Grants (CDBG), Emergency Shelter Grants (ESG), the HOME Investment Partnerships Program including the new American Dream Downpayment Initiative (ADDI), Housing Opportunities for People with AIDS (HOPWA) funding and the Comprehensive Housing and Affordability Strategy (CHAS). Consolidated Plans are required to be prepared every three to five years; updates are required annually.

The purpose of the Consolidated Plan is:

1. To identify a City's or state's housing and community development (including neighborhood and economic development) needs, priorities, goals and strategies; and
2. To stipulate how funds will be allocated to housing and community development activities.

This report is the FY2010–2014 Five-year Consolidated Plan for the City of San Diego (City). The City is a recipient of federal CDBG, HOME, ADDI, ESG and HOPWA funding.

Annual Action Plan. In addition to the Consolidated Plan, cities and states receiving block grant funding must compete an annual Action Plan. The Action Plan designates how cities and states propose to spend the federal block grant funds in a given program year.

CAPER. The Consolidated Annual Performance and Evaluation Report (CAPER) is also required yearly. The CAPER reports on how funds were actually spent (v. proposed in the Action Plan), the households that benefitted from the block grants and how well the City/state met its annual goals for housing and community development activities.

Fair housing requirement. HUD requires that cities and states receiving block grant funding take actions to affirmatively further fair housing choice. Cities and states report on such activities by completing an Analysis of Impediments to Fair Housing Choice (AI) every three to five years. In general, the AI is a review of impediments to fair housing choice in the public and private sector.

The City of San Diego is in the process of completing an AI for the City. In 2004, the City participated in a regional AI that was completed by the Fair Housing Resource Board.

Compliance with Consolidated Plan Regulations

The City of San Diego's FY2010–2014 Consolidated Plan was prepared in accordance with Sections 91.100 through 91.230 of the U.S. Department of Housing and Urban Development's Consolidated Plan regulations.

Lead and Participating Organizations

The following organizations participate in the Consolidated Planning process:

- **The City of San Diego.** The City of San Diego is the lead agency for the completion of the Five-Year Consolidated Plan, annual Action Plan and the Consolidated Annual Performance and Evaluation Report (CAPER). The City receives and administers the following HUD block grant programs:
 - **HOME.** The HOME Investment Partnerships Program was created in 1990. This program provides federal funds for a variety of housing activities including construction of affordable housing; acquisition and rehabilitation of affordable housing; owner-occupied housing rehabilitation; homebuyer downpayment assistance and counseling; and tenant-based rental assistance;
 - **ADDI.** This is the newest HUD block grant program, created in 2003. The original intent of the program was to offer additional funds for downpayment assistance and increase homeownership, especially for minority groups; and
 - **CDBG.** The Community Development Block Grant (CDBG) is both the oldest and largest of the HUD programs for housing and community development. CDBG can be used for:
 - construction and rehabilitation of community facilities including those that help special needs populations (e.g., homeless shelters);
 - removal of accessibility barriers from public buildings;
 - loans or grants to business for job training and hiring of lower income workers; demolition of property;
 - provision of operating dollars to social service organizations;
 - public infrastructure improvements (streets, sidewalks);
 - code enforcement;
 - housing activities, infrastructure extension in support of affordable housing, housing rehabilitation; site acquisition; lead-based paint detection and removal; and downpayment assistance; and
 - social service programs including childcare, homeless services, youth programs, crime, disability services, and neighborhood revitalization and senior services.
 - **ESG.** The Emergency Shelter Grant (ESG) program funds programs that help persons who are homeless and their families. ESG can be used for shelter rehabilitation; operations and maintenance of a homeless facility; supportive

services for persons who are homeless (e.g., job training or child care); and homeless prevention activities.

- **San Diego County Department of Housing and Community Development.** The final HUD block grant program, **HOPWA**—Housing Opportunities for Persons with HIV/AIDS, assists organizations that serve persons with HIV/AIDS with Acquisition, Rehabilitation or construction of affordable housing units; Short-term, Mortgage payment or Utility payments to prevent homelessness; Housing Information and Referral; Housing operations; Project or Tenant Based Rental Assistance; Resource Identification and related Support Services. HOPWA funds are granted to the largest jurisdiction within a County (in this case, San Diego). The City and County have agreed that the County will administer HOPWA funds.

The City retained BBC Research & Consulting (BBC) of Denver to complete the City's Five-Year Consolidated Plan.

Top Housing and Community Development Needs

The top housing needs identified through the quantitative (data collection and analysis) and qualitative (public input) research conducted for this Consolidated Plan are summarized in this section.

Top housing needs identified in quantitative research

Affordable housing—both rental and homes to buy. Although San Diego has been hit hard by the housing market crisis, housing prices are still very much out of reach to the City's lowest income residents, including those who rent, those who want to buy and existing owners. One reason is that housing costs have increased much faster than incomes since 2000. Specifically,

- In 2007, a renter in San Diego is paying \$446 more per month for the median rental unit than in 2000. This renter would need to earn \$17,800 more per year to cover the cost of this increase without being cost burdened. By comparison, the median income for renters in San Diego increased by \$12,000 between 2000 and 2007.
- Owners would need to earn about \$100,000 more to be able to afford the median priced home than they would have needed to earn in 2000. The median household income of San Diego owners has increased since 2000—but only by \$22,130.

When housing costs increase faster than incomes “**cost burden**” increases. In the housing industry, housing affordability is commonly defined in terms of the proportion of household income that is used to pay housing costs. Housing is “affordable” if no more than 30 percent of a household's monthly income is needed for rent, mortgage payments and utilities. When the proportion of household income needed to pay housing costs exceeds 30 percent, a household is considered “cost burdened.”

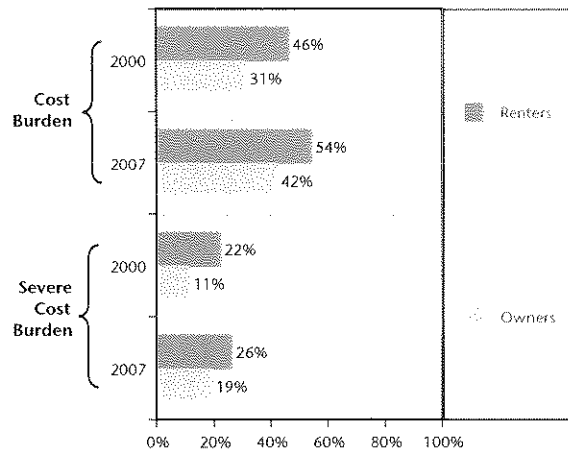
Cost burden among renters has increased since 2000, when 46 percent of all renters were cost burdened. Cost burden now stands at 54 percent. In 2007, 22,400 more renters were cost burdened than in 2000. The City's number of cost burdened renters has increased by 23 percent since 2000—almost 3 times the rate of the overall household growth.

About 42 percent of the City's owners were cost burdened in 2007. This is up from 31 percent in 2000. This means that there are 38,900 more cost burdened owners in 2007 than existed in 2000, or 67 percent more, which is about 8 times the overall growth in households.

Exhibit ES-1 shows the levels of cost burden for renters and owners and the change in cost burden from 2000.

Exhibit ES-1.
Cost Burden, 2000 and 2007

Source:
American Community Survey 2007 and U.S. Census 2000.



Market mismatches. About 50 percent of San Diego's rental units are priced under \$1,175 per month; 50 percent rent for more. Just 10 percent of units rent for less than \$575 per month. This compares with 29 percent of the City's renters who cannot afford to pay more than \$575 in rent costs.

Exhibit ES-2 compares the number of San Diego households at various income ranges with the supply of rental units. The column on the far right shows the mismatch between supply and demand. For example, there are 36,144 renters in the City who earn less than \$15,000 per year and can only afford to pay \$325/month or less in rent. There are 13,255 units and vouchers available to serve these renters—leaving a difference, or shortage, of 22,889 units. This is the area where the City has the greatest rental housing needs.

Once renters earn \$35,000 and more—especially those earning \$50,000 and more—they can find many affordable rental units.

Exhibit ES-2.
Mismatch in Rental Market, City of San Diego, 2008

Income Range		Renters		Maximum Affordable Rent & Utilities	Total Rental Units and Vouchers		Rental Gap
		Number	Percentage		Number	Percentage	
\$0	\$14,999	36,144	15%	\$ 325	11,983	4%	-22,889
\$15,000	\$24,999	33,044	14%	\$ 575	15,818	6%	-16,758
\$25,000	\$34,999	27,015	11%	\$ 800	34,526	13%	4,693
\$35,000	\$49,999	40,526	17%	\$ 1,175	65,829	26%	28,486
\$50,000	\$74,999	45,484	19%	\$ 1,800	80,476	32%	32,872
\$75,000	\$99,999	26,980	11%	\$ 2,400	26,890	10%	-76
\$100,000	\$149,999	24,214	10%	\$ 3,650	21,657	8%	-2,556
\$150,000	\$500,000	10,480	4%	\$ 3,650			-10,480
Total		243,888	100%		257,180	100%	

Source: BBC Research & Consulting.

It is good news that renters earning more than \$50,000 have ample rental opportunities because their options for purchasing in San Diego are extremely limited. Renters earning \$100,000 could afford just 16 percent of homeownership units (see the “Cumulative Percentage Available” in the Exhibit below). Renters must earn \$150,000 and more before half of owned units become affordable to them.

Exhibit ES-3 demonstrates the affordability of the City’s for sale market to its renter population.

Exhibit ES-3.

Market Options for Renters Wanting to Buy, San Diego, 2008

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Total	243,888	100%		248,865	100%			

Source: BBC Research & Consulting.

Housing for special needs populations. Due to lower incomes and the need for supportive services, “special needs” populations are more likely than the general population to encounter difficulties paying for adequate housing. Section III of the Consolidated Plan contains a detailed analysis of the needs of special populations. Key findings include:

- Elderly make up a disproportionate share of the lowest income households in San Diego: Of the 35,000 households earning less than \$15,000 in 2007, seniors made up 41 percent.
- Elderly are much more likely to be disabled than non-elderly. The City of San Diego’s elderly population will grow substantially in the next 20 years. Since seniors have a much higher probability of being disabled, the housing and service needs for persons with disabilities should grow considerably commensurate with senior population growth.
- Approximately 17,900 residents in San Diego have a developmental disability. San Diego has about 115 licensed residential care facilities that serve persons with developmental disabilities, with a capacity for 665 persons.
- Approximately 8,000 persons age 5 and older in San Diego had some sort of mental disability, many of whom are elderly. There are currently 29 care facilities specializing in emergency, transitional and/or residential care for persons with mental illnesses with a capacity for an estimated 1,100 persons.
- The 2006 National Household Survey on Drug Use and Health estimates that 2.9 percent of the population 12 years and over in the sub-state region including San Diego need but are not receiving treatment for illicit drug use. Applying the percentage to the population in San Diego, approximately 31,200 persons need and are not receiving treatment for illicit drug use.

- In its 2006 report, the Center for Disease Control reported 12,995 cumulative cases of HIV/AIDS in the San Diego metropolitan area. Providers of services to people with HIV/AIDS estimate that between 30 and 50 percent of the number of people with HIV/AIDS are in need of housing.
- The KIDS COUNT program of the Annie E. Casey Foundation tracks the number of at-risk, or “disconnected” youths; these are persons ages 18 to 24 who are not presently enrolled in school, are not currently working and have no degree beyond a high school diploma or GED. The statistic intends to capture a population of young adults having difficulty making the transition to adulthood. In 2007, 15,000 young adults ages 19 to 24 in San Diego were reported to be disconnected.
- Data from the San Diego Association of Governments shows that there were 8,137 reports of domestic violence in San Diego in 2007, or 17 reported cases for every 1,000 households in the City. In total, San Diego domestic violence shelters have capacity for almost 230 women and their children.

Community development. Through analysis of the City’s Capital Improvement Plan and redevelopment areas, the following community development needs were identified:

- Improving access to facilities and creating more pedestrian friendly environments for persons with disabilities (ADA improvements);
- Street and landscaping improvements in low to moderate income neighborhoods;
- Improvements to parks and recreation areas in low to moderate income neighborhoods.
- Neighborhood revitalization activities in 17 targeted “redevelopment areas” which meet the income requirements set by the California Community Redevelopment Law. Most of these redevelopment project areas contain low to moderate income neighborhoods with substandard housing stock, and redevelopment activities aim at revitalizing communities and eliminating conditions of blight.
- Assistance for small businesses to help them maintain a presence in the City and neighborhoods.

Top housing needs identified in citizen input forums

- **Increased need for emergency and transitional housing.** As a result of the economy, demand for emergency shelters and transitional housing is increasing. In addition, the economic downturn is contributing to a new wave of homelessness, made up of people who have lost their homes and jobs. These individuals largely need short term assistance while they look for a new job or receive job training. Such individuals may have trouble qualifying for homeless resources because they do not have special needs (e.g., fleeing domestic violence, chronically homeless).
 - Top needs of all persons experiencing homelessness include:
 - Emergency shelters, allowing longer term stays
 - Transitional housing for all types of residents: those who have just lost their jobs and homes, veterans, persons with disabilities
 - Short term rental assistance
 - Security deposits to enable renters to get into units

- Senior housing for seniors who have lost their homes, jobs and retirement income.
- Accessibility features in homeless housing: Much of the new, temporary housing is not accessible to persons with disabilities and/or difficult for seniors to use.
- **Strengthened code enforcement.** Create more of a neighborhood based system to code enforcement. Improve the condition of affordable units.
- **Creation of an online searchable database of housing resources.** The existing housing guides that the City and County produce are excellent; however, they cannot contain up to date information. A searchable database that can be accessed through the Internet at libraries and community centers is needed.
- **Bolster existing resources to address affordable housing needs.** Citizens acknowledged that the City does quite a lot to address housing needs—however, such needs are at a very critical level currently and more resources are needed to address current needs and keep up with future needs.
- Citizens offered many ideas for expanding resources to better meet existing and future housing needs:
 - Create an ordinance to preserve affordable housing that is lost by redevelopment of mobile home parks. Bend, Oregon recently adopted an ordinance that provides developers incentives to include affordable units with the new development.
 - Establish rent control policies.
 - Increase the cash-in-lieu fee that must be paid by developers to comply with the City’s inclusionary zoning ordinance.
 - Reduce the parking requirement for transit oriented developments that include affordable housing.
 - Reform the City’s SRO replacement ordinance to address the problem of owners letting the units fall into such disrepair that they become inhabitable.
 - Expand the SDHC’s shared housing program to help the growing number of people displaced through foreclosure.
- Improved reporting and research about housing needs through:
 - A survey of displaced residents due to condo conversions, mobile home redevelopments, closed SROs, foreclosures.
 - A detailed report of the housing units created through the cash-in-lieu program and subsidy required to build affordable housing.
 - Block grant funding allocations and priorities.
- Educational efforts about affordable housing needs, to reduce NIMBY-ism.
- Top community and economic development needs
- Jobs and job training.

- Jobs that pay living wages, especially given San Diego's high cost of living.
- Increased small business assistance and microenterprise lending to keep these business and the jobs they provide alive.
- Pedestrian friendly and ADA compliant neighborhoods, including downtown.

Five-Year Strategic Plan and One-Year (2010) Action Plan

The City of San Diego has established the following housing and community development goals, objectives and outcomes to guide the use of funds for 2010-2014 program years.

- The twelve *Goals* will guide how the City allocates its block grant funding during the next five program years.
- The *Objectives* and *Outcomes* refer to the 2010, One-Year Action Plan. These fall under one of the 12 five-year goals. The objectives detail what the City intends to accomplish with the identified funding sources to meet housing and community development needs. The outcomes detail how the City will monitor the accomplishments (e.g., in terms of households assisted, facilities rehabilitated, etc).

The City has not established five-year numerical goals. Given the uncertainties in the housing market and economy, the City has chosen to adjust its objectives and outcomes on an annual basis to address the greatest needs each program year.

At the time this Consolidated Plan was written, HUD had not provided the City with its funding allocations by program. The City expects to receive approximately \$26 million in combined HUD block grant funding to address its housing and community development needs. Dollar amounts for specific activities are provided where they are known. The City intends to leverage other local resources, for example, housing trust fund dollars, wherever available, to maximize the benefit from the HUD block grant funds.

It should be noted that the City of San Diego has elected to use the HUD Consolidated Plan Management Process tool (CPMP) for partial fulfillment of the Consolidated Plan regulations. This appears in a different format from the rest of the report in two documents (Strategic Plan and Action Plan). The City has also utilized the CPMP needs and projects tables in Microsoft Excel for this Consolidated Plan and 2010 Action Plan.

Five-Year Goals. The Goals for the Five-Year Consolidated Plan period are:

Goal No. 1: Improve the citizen and stakeholder participation process for Annual Action Plans.

Goal No. 2: Create a better living environment for persons with special needs.

Goal No. 3: Provide shelter for persons who are homeless and assist them in moving out of homelessness.

Goal No. 4: Create a better living environment for persons who are living with HIV/AIDS.

Goal 5: Add to the supply of affordable rental and homeownership properties and units, including permanent supportive housing.

Goal 6: Increase the number of low to moderate income households who can become homeowners.

Goal 7: Improve the condition of the city's housing stock and facilities that serve special needs populations, including group homes.

Goal 8: Increase opportunities for affordable housing to be located in close proximity to transit.

Goal 9: Create jobs for San Diegans in new industries with higher paying and promotional opportunities and expand local small businesses.

Goal 10: Support the continued revitalization low and moderate income neighborhoods.

Goal 11: As dollars become available, explore using additional financial resources to create new programs.

Goal 12: Enhance capacity building of nonprofits, including those that provide fair housing assistance.

Goal 13: Maintain the quality of foreclosed housing stock and make the units available to low to moderate income families if possible.

One-Year (2010 Action Plan) Objectives and Outcomes

The following 2010 Objectives and Outcomes are presented under the twelve five-year Strategic Plan Goals to demonstrate how City's activities relate to the overarching Goals.

General Goals, Objectives and Outcomes

Goal No. 1: Improve the citizen and stakeholder participation process for Annual Action Plans.

Much of the public comment during the Consolidated Plan process concerned the citizen outreach process for the Annual Action Plans and related funding allocations. To this end, the City has established a goal to improve the citizen and stakeholder participation process for the Action Plans that will be developed in remaining Annual Action Plans (2010 through 2014).

Objective 1.1. Establish a "deputy" process whereby advocates, neighborhood leaders, representatives of housing and community development nonprofits and private sector organizations are engaged to increase the public participation process related to the Annual Action Plan. These deputies will assist the City with getting the word out about public forums and hearings and representing the comments and needs of their clients and neighborhoods in the input process.

- **Outcome 1.1.1.** Implement a deputy process during the 2010 Action Plan development. Create at least 30 deputies initially, and expand the network throughout the 2010-2014 program years.

Objective 1.2. Establish a working group made up of volunteers from the housing and community sectors of San Diego to assist with the Annual Action Plan outreach process. This group will create a

network of housing and community oriented organizations, representatives of participants in housing programs, government representatives and other interest groups. This network will be used to ensure full participation in the creation of plans and reports and ensure that the process is collaborative and comprehensive.

Special Needs Housing Goals, Objectives and Outcomes

Goal No. 2: Create a better living environment for persons with special needs.

Objective 2.1. Increase the number of public facilities that are accessible to persons with disabilities.

- **Outcome 2.1.1.** Complete an ADA needs assessment/survey of 185 City-owned properties which identifies the facilities in need of ADA improvements and prioritizes the improvements according to barriers to access, complaints received about access and frequency of usage.
- **Outcome 2.1.2.** Develop a revised transition and funding plan using CDBG to address the identified needs.
- **Outcome 2.1.3 .** Provide CDBG funding to make ADA improvements to at least 6 public facilities annually beginning in 2010.
- **Outcome 2.1.4 .** As opportunities arise, use CDBG funding to make improvements to recreational areas within San Diego to improve access for persons with physical disabilities.

Objective: 2.2. Increase the number of housing units in the private sector that contain accessibility features.

- **Outcome 2.2.1.** Continue the city's owner-occupied rehabilitation program that provides deferred loans for accessibility improvements. Assist up to 15 households annually with accessibility improvements. Funding source in 2010 will be local housing trust fund dollars (non-HOME).
- **Outcome 2.2.2.** Using CDBG funds of \$135,000 in 2010, provide rehabilitation services and accessibility modifications for an estimated 26 owner occupied households.

Objective: 2.3. Support operations of the City's social service and housing organizations that assist persons with special needs.

- **Outcome 2.3.1.** Annually fund a variety of activities ranging from case management, health care, teen parenting training, homeless services, legal services to recreation using the 15 percent CDBG public services set aside (see project tables for full description of activities).

Objective: 2.4. Increase the number of facilities in San Diego that serve persons with special needs.

- **Outcome 2.4.1.** In 2010, using \$70,000 of CDBG, help to develop a maternity group home for low to moderate income pregnant and parenting teens. Funds will support property acquisition.

Also see Objective 7.2, which will benefit many individuals with special needs.

Objective: 2.5. Encourage the creation of supportive housing through the following activities:

- Support the integration of people with disabilities into private housing as much as possible
- Support the concept of providing a continuum of housing for the homeless ranging from short-term beds to affordable low-cost permanent housing
- Encourage interagency efforts to provide services and housing to specialized subgroups with disabilities—focusing on the provision of permanent, supportive housing space and services.
- Continue to rank Supportive housing and supportive services as a high priority
- When appropriate and contingent upon local, state, and federal funding requirements, place as a priority the leveraging of the funds available in the Consolidated Plan with additional public resources available such as redevelopment set aside monies; locally created public funds and additional federal funds during the economic recovery period.
- Consider the creation of project based section 8/vouchers to leverage against funds listed under the Consolidated Plan.
- Continue to reach out in a coordinated manner with other agencies involved in the goal of ending long term homelessness.
- Identify opportunities to align planning with the Mental Health Services Act Housing Plan

Goal No. 3: Provide shelter for persons who are homeless and assist them in moving out of homelessness.

Objective 3.1. Continue to support nonprofit agencies to operate emergency shelters to benefit persons who are homeless.

- **Outcome 3.1.1.** Provide shelter to 350 unduplicated persons annually using \$195,000 ESG and \$105,000 CDBG during 2010.
- **Outcome 3.1.2.** Using \$438,840 of CDBG in 2010, provide walk in and referral services to up to 1,250 homeless persons at the Neil Good Day Center.

Objective 3.2. Assist families with access to transitional housing, case management and support services.

- **Outcome 3.2.1.** In the 2010 program year, assist 100 families with housing, case management and support services using \$403,129 ESG and \$243,568 CDBG.

Objective 3.3. Support outreach efforts to increase the number of persons who are homeless who have access to shelter and services.

- **Outcome 3.3.1.** In the 2010 program year, make contact and provide resources to 1,200 chronic homeless persons, 322 unduplicated homeless persons and 255 unduplicated placements into housing.

Also see Objective 2.5, which will benefit persons who are homeless and at-risk of homelessness.

Goal No. 4: Create a better living environment for persons who are living with HIV/AIDS.

Objective 4.1. Provide tenant-based rental assistance to persons living with HIV/AIDS who are low income through HOPWA funding.

- **Outcome 4.1.1.** Assist 80 households with rental assistance so that they pay no more than 30 percent of their annual household income in rent.
- **Outcome 4.1.2.** Ensure that 100 percent of the units leased in the program meet HUD's established quality standards.
- **Outcome 4.1.3.** Provide funding for operations and support of 7 permanent housing units in two apartment complexes with affordable rents for persons with HIV/AIDS.

Objective 4.2. Provide transitional housing to persons living with HIV/AIDS who are low income.

- **Outcome 4.2.1.** Provide funding to support up to 58 transitional housing beds.
- **Outcome 4.2.2.** Provide funding for the operation of 20 beds in a 24 hour licensed residential care facility for the chronically ill.
- **Outcome 4.2.3.** Ensure that 100 percent of the units in the transitional housing program meet HUD's established quality standards.
- **Outcome 4.2.4.** Ensure that all HOPWA program participants in the transitional housing program pay no more than 30 percent of their annual household income in rent.

Objective 4.3. Provide supportive services to persons living with HIV/AIDS.

- **Outcome 4.3.1.** Fund the coordination of residential services for 26 apartments in 3 complexes.
- **Outcome 4.3.2.** Fund intensive case management for up to 100 HOPWA eligible program participants.
- **Outcome 4.3.3.** Fund and provide moving services to 135 HOPWA eligible participants.
- **Outcome 4.3.4.** Provide funding for 80 emergency beds.

Objective 4.4. Increase public awareness of HIV/AIDS and improve access for persons with HIV/AIDS who need housing and services.

- **Outcome 4.4.1.** Fund an Information and Referral Program.
- **Outcome 4.4.2.** Fund a Resource Identification Program.

Housing Goals, Objectives and Outcomes

Goal 5: Add to the supply of affordable rental and homeownership properties and units, including permanent supportive housing.

Objective 5.1. Provide 15 percent of HOME funding to certified CHDOs, nonprofits to build affordable rental complexes and homeownership properties.

- **Outcome 5.1.1.** Develop 35 affordable housing units through CHDO assistance in 2010.

Objective 5.2. Provide gap financing and technical assistance to nonprofit developers to build affordable rental complexes and homeownership properties.

- **Outcome 5.2.1.** Develop 85 affordable housing units through HOME assistance in 2010.

Objective 5.3. Provide rental subsidies for low income households.

- **Outcome 5.3.1.** Provide tenant based rental assistance vouchers to 30 households in 2010.

Objective 5.4. Acquire and rehabilitate units for sale as affordable homeownership properties.

- **Outcome 5.4.1.** Acquire and rehabilitate 3 housing units for sale as affordable homeownership units using \$269,358 of CDBG in 2010.

Goal 6: Increase the number of low to moderate income households who can become homeowners.

Objective 6.1. Provide downpayment assistance to low and moderate income families to purchase a home.

- **Outcome 6.1.1.** In 2010, assist 45 households earning 80 percent and less of AMI annually with downpayment assistance using ADDI and HOME funds.
- **Outcome 6.1.2.** During 2010, provide CDBG funding for operation of homeownership counseling services (\$195,500 in CDBG).

Goal 7: Improve the condition of the city's housing stock and facilities that serve special needs populations, including group homes.

Objective 7.1. Assist low income owner-occupied households with needed emergency repairs and critical maintenance.

- **Outcome 7.1.1.** Assist 25 very low income owner-occupied households during 2010 with deferred loans for health and safety repairs using HOME funding.
- **Outcome 7.1.2.** In 2010, assist 185 low income owner-occupied households with deferred loans for health and safety repairs using local trust fund dollars.
- **Outcome 7.1.3.** With \$212,000 of CDBG, provide free security repairs to 200 low to moderate income households to increase the safety and security of their homes during 2010. Also provide CDBG funding (\$136,000) to low and moderate income seniors to install smoke alarms free of charge in their homes.

- **Outcome 7.1.4.** Using \$85,000 of CDBG in 2010, provide weatherization, minor rehabilitation and minor home security improvements to low income seniors and persons with disabilities.

Objective 7.2. Provide funds to conduct necessary improvements to existing housing units occupied by low to moderate income residents, many with special needs, and facilities that serve special needs populations.

- **Outcome 7.2.1.** Using CDBG, annually provide funds for needed rehabilitation activities *in housing units* occupied by low and moderate income households and households with special needs, including victims of domestic violence, at-risk youth and persons with HIV/AIDS (see project tables for full description of activities).
- **Outcome 7.2.2.** Using CDBG, annually provide funds for needed rehabilitation activities *of facilities that serve* by low and moderate income households and households with special needs, including victims of domestic violence, at-risk youth and persons with HIV/AIDS (see project tables for full description of activities).

Objective 7.3. Reduce lead-based paint hazards in the city's housing stock.

- **Outcome 7.3.1.** Using HUD lead grant funding, assist 40 low income owners and 135 low income renters with lead-based paint removal and hazard mitigation.
- **Outcome 7.3.2.** Fund the Lead Safe Neighborhoods program using \$39,000 of CDBG in 2010.

Goal 8: Increase opportunities for affordable housing to be located in close proximity to transit.

Objective 8.1. Examine creation of incentives or removal of potential barriers to integrating affordable housing into transit-oriented development (TOD).

- **Outcome 8.1.1.** Conduct a study that looks at the transportation uses of TOD residents relative to parking requirements.

Community/Economic Development Goals, Objectives and Outcomes

Goal 9: Create jobs for San Diegans in new industries with higher paying and promotional opportunities and expand local small businesses.

Objective 9.1: Explore the energy efficiency industry as a solution to:

- Decrease utilities costs,
 - Provide jobs that pay a living wage, and
 - Expand employment opportunities, all especially for low to moderate income households.
- **Outcome 9.1.1.** Expand contacts in the energy efficiency industry to create partnerships for future job creation and training in the field.

Objective 9.2. Expand partnerships with Enterprise Zone areas.

Objective 9.3. Create opportunities for microenterprises.

- **Outcome 9.3.1.** With CDBG, provide financial literacy and business development and educational services for low to moderate income residents who want to create a microenterprise business.
- **Outcome 9.3.3.** Using CDBG, provide small business loans and education/training to low to moderate income clients.

Goal 10: Support the continued revitalization of low and moderate income neighborhoods.

Objective 10.1. Continue funding code enforcement in targeted neighborhoods.

- **Outcome 10.1.1.** Using \$175,000 of CDBG in 2010, assist low to moderate income households annually become compliant through code enforcement services.

Objective 10.2. Consider creating a NRSA (Neighborhood Revitalization Strategy Area) to “jump start” revitalization in low to moderate income neighborhoods.

Objective 10.3. Explore policies to ensure that foreclosed and bank-owned homes do not fall into disrepair, causing neighborhood blight and eroding their affordability through increased maintenance needs.

Objective 10.4. Annually fund public improvements to reduce vacant lots, reduce blight and spur revitalization opportunities (see project tables for full description of activities).

Objective 10.5. Support CDBO activities in neighborhoods targeted for revitalization.

Outcome 10.5.1. Using \$220,000 of CDBG in 2010, provide a comprehensive CDBO program in the Mid City/City Heights area to include neighborhood revitalization, community economic development and energy conservation.

Goal 11: As dollars become available, explore using additional financial resources to create new programs.

Objective 11.1. Explore the creation of programs such as:

- Job creation and training;
- Street and façade improvements;
- NRSA neighborhood investments (also included above); and
- Small business microenterprise lending.

Goal 12: Enhance capacity building of nonprofits, including those that provide fair housing assistance.

Objective 12.1. Provide training to increase the capacity of the city’s nonprofits.

- **Outcome 12.1.1.** Work with LISC to bring a Neighborhoods Now workshop to San Diego.

Objective 12.2. Annually provide funding to support fair housing activities that benefit low and moderate income San Diegans through CDBG public service dollars.

- **Outcome 12.2.1.** Use CDBG administrative dollars (\$104,000 in 2010) to accept and investigate complains alleging housing discrimination based on federal, state and local laws.

Goal 13: Maintain the quality of foreclosed housing stock and make the units available to low to moderate income families if possible.

Objective 13.1. Negotiate with lenders to make Real Estate Owned properties available to first time homebuyers.

Objective 13.2. Acquire and rehabilitate foreclosed properties and make them available for sale or rent to low to moderate income families.